

Message Text

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E.O. 11652: NA
TAGS: ECON
SUBJECT: BULGARIAN ECONOMIC PERFORMANCE FOR 1976

REF: A. 76 SOFIA 1634
B. 76 SOFIA 1824
C. 76 SOFIA 2307
D. 76 SOFIA 2371

1. SUMMARY: BULGARIAN ECONOMIC PERFORMANCE IN 1976 FELL SUBSTANTIALLY
BELOW PLANNED FIGURES IN ALMOST ALL SECTORS
OF THE ECONOMY. TOTAL PERFORMANCE WAS BUOYED UP BY
SOME MANUFACTURED PRODUCTS AND TRANSPORTATION AND
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COMMUNICATIONS ACTIVITIES, WHILE
POOR PERFORMANCE CONTINUED
IN AGRICULTURAL AND CONSTRUCTION INDUSTRIES. HARD-CURRENCY
TRADE DEFICIT WAS SUBSTANTIALLY REDUCED. END SUMMARY.

2. BULGARIAN ECONOMY'S 1976 PERFORMANCE WAS ANNOUNCED
BY PRESS FEB 3, WITH FULL-PAGE SECTOR-BY-SECTOR DES-

CRPTION. NATIONAL INCOME INCREASED BY ONLY 7 PERCENT, A FULL 2 PERCENT SHORT OF PLANNED FIGURE. THIS AGGREGATE FIGURE REFLECTED SIMILAR SHORTFALLS IN VIRTUALLY ALL SECTORS AS REFLECTED IN TABLE BELOW.

SECTOR/ITEM	1976 PLANNED (PERCENTAGE)	1976 ACTUAL PRODUCTION INCREASE (PERCENTAGE)
INDUSTRY	9.2	8.0
MACHINE BUILDING	14.4	13.0
CHEMICAL INDUSTRY	13.4	29.3
BUILDING MATERIALS	13.1	8.1
LIGHT INDUSTRY	9.0	5.3
AGRICULTURE	5.0	3.1
CONSTRUCTION	8.0	4.4
TRANSPORT	10.0	16.7
TOTAL CONSUMPTION		
FUND	7.5	6.3
SOCIAL CONSUMPTION		
FUND	8.2	6.7
REAL INCOME	4.8	4.4
RETAIL TRADE	7.8	7.3
INDUSTRIAL SERVICES		
FOR POPULATION	11.2	3.7
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3. LABOR PRODUCTIVITY, WHICH WAS CLAIMED TO BE RESPONSIBLE FOR THE ENTIRE INCREASE IN NATIONAL INCOME, WAS UP BY 7 PERCENT, BUT WELL UNDER PROJECTED INCREASE OF 8.8 PERCENT. FIXED INVESTMENTS (PLANT AND EQUIPMENT) OF 5.5 BILLION LEVA (\$1 EQUALS .96 LEVA AT OFFICIAL-AND ART-IFICIAL-RATE) WERE ABOUT 320 MILLION OVER THE PLANNED FIGURE, WITH 54 PERCENT OF THIS TOTAL USED FOR RECONSTRUCTION AND MODERNIZATION OF EXISITING FACILITIES. NEW PRODUCTIVE ASSETS AT STATED VALUE OF 4.5 BILLION WERE COMMISSIONED AND BROUGHT INTO OPERATION. PROFIT (EXCLUDING AGRICULTURE) INCREASED BY 10 PERCENT WHICH WAS 5-10 PERCENT BELOW PLANNED INCREASE.

4. INDUSTRY. AGGREGATE PLAN WAS ALLEGEDLY FULFILLED 100.1 PERCENT IN SPITE OF SHORTFALL IN PROJECTED GROWTH RATE. THIS INDICATES PROBABILITY THAT SOME REVISION OF GOALS TOOK PLACE AFTER BAD THIRD QUARTER PERFORMANCE (REF C). PERFORMANCE FOR INDUSTRIAL COMMODITIES IS GIVEN ALMOST EXCLUSIVELY FOR PRODUCTS THAT ARE RISING STARS IN GOB

INDUSTRIAL PRODUCTION, HENCE 10-20 PERCENT GROWTH RATES FOR TRACTORS, ELECTRIC TRUCKS, MOTOR TRUCKS, ELECTRICAL AND METALLURGICAL PRODUCTS ARE ONLY CREAM SKIMMED OFF TOP OF PRODUCT LIST. COMPUTER PRODUCTS 34.3 PERCENT GROWTH CONTINUES TO REFLECT LOW BASE FOR MEASUREMENT OF GROWTH RATES. CHEMICAL INDUSTRY IS MOST DISTURBING, SINCE INORGANIC CHEMICALS, LONG THE MAINSTAY OF CHEMICAL PRODUCTION FELL TO ONLY 2-3 PERCENT INCREASE FOR COMMODITIES LISTED. LARGE GROWTH IN ARTIFICIAL FIBERS (22.4) PERCENT) IS RESULT OF INCREASES IN CAPACITY

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BROUGHT ON LINE IN LATE 1975. STATE ECONOMIC CORPORATIONS (DSOS) SINGLED OUT FOR POOR PERFORMANCE INCLUDED DSO MILK INDUSTRY, DSO BULGARPLD (FRUIT AND VEGETABLES), BOTH OF WHICH HAD PROBLEMS ALL YEAR, AND THE MULTI-DSO COMMITTEES FOR AGRICULTURAL AND CONSTRUCTION MACHINE BUILDING, HEAVY INVESTMENT MACHINE BUILDING, AND PLASTICS PROCESSING AND MATERIALS. RATHER CURIOUSLY DEVNYA CHEMICAL COMBINE, MAJOR PRODUCER OF INORGANIC CHEMICALS, IS NOT CITED, IN SPITE OF POOR PERFORMANCE IN

THIS CATEGORY AND ITS HAVING BEEN ON THE POOR PERFORMANCE LIST
TWICE EARLIER IN QUARTERLY REPORTS (REFS B & C).

5. AGRICULTURE. ONLY PRODUCTS WITH SIGNIFICANT GAINS
WERE FOOD GRAINS AND SOME VEGETABLE CROPS. GOOD WHEAT
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(3.1 MILLION TONS) AND BARLEY (1.8 MILLION TONS) HARVESTS
WERE MADE POSSIBLE BY SOVIET TECHNICAL LABOR ASSISTANCE THAT ALL-
OWED FAST HARVEST WITH HIGH YIELDS AND LOW WASTE. TOMATOES
(767,000 TONS) WERE UP BY 25 PERCENT OVER 1975 BUT STILL
DID NOT REACH 1974 LEVELS. GRAPES INCREASED BY ALMOST
50 PERCENT, BUT MOST OTHER CATEGORIES WERE DOWN FROM
1975 LEVELS DUE TO COLD AND RAINY SUMMER WEATHER.

6. ANIMAL PRODUCTION, WMSCHGSHOULD HAVE BEEN SPURRED BY
COMPLETION OF MAJOR COMPLEXES FOR HOG AND CATTLE
BREEDING, SHOWED ONLY SMALL INCREASES OR ACTUAL DECREASES.
COWS INCREASED BY 3 PERCENT, BUT HOGS DECLINED BY 11.2
IJRCENT (COMPARED TO 13.6 PERCENT INCREASE IN 1975).
POULTRY ROSE BY 4 PERCENT AND SHEEP DECLINED BY 3 PERCENT.
YIELDS OF MILK FELL 0.4 PERCENT OR 5.5 MILLION LITERS
COMPARED TO 1975. EGG PRODUCTION PER HZLLDWLL ONE
PERCENT, BUT TOTAL PRODUCTION WAS UP SLIGHTLY OVER 1975
DUE TO INCREASED LAYER NUMBERS. DECLINES IN ANIMALS
AND ANIMAL PRODUCTS WERE ACCOMPANIED BY OVERFULFILLMENT
OF MEAT PRODUCTION PLAN, INDICATING THAT FORAGE AND
FODDER CROP WAS PROBABLY QUITE POOR.

7 IMPROVEMENTS IN PRODUCTION BASE MOVED RELATIVELY
SLOWLY IN SPITE OF 800 MILLION LEVA EXPENDITURES.
IRRIGATION WAS EXTENDED TO ABOUT 20,000 HECTARES AND
66,000 TONS OF FERTILIZERS WERE USED, BOTH DOWN FROM
1975 LEVELS. FOR PROCESSED FOODS AND FOOD PRODUCTS,
PRODUCTION WAS UP 7.7 PERCENT WITH MAJOR INCREASES IN
PRODUCTS SUCH AS MEAT, CANNED CVOETABLES, AND VEGETABLE OILS.
HOWEVER, SOME OF THIS GAIN APPEARS TO BE DUE TO
COMPARISON WITH LOW PRODUCTION LEVELS RECORDED IN 1975
RATHER THAN TO OUTSTANDING PERFORMANCE IN 1976.

8. CONSTRUCTION. GROWTH OVERALL WAS 4.4 PERCENT OVER
1975, BUT ONCE AGJNN FAR BELOW PLANNED LEVEL. COMPLETED CONSTRUCT-
ION WORK WAS VALUED AT 2.17 BILLION LEVA AND INCLUDED
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PROJECTS SUCH AS CELLULOSE AND PAPER PLANT, ARTIFICIAL

SILK PLANT, AND ROAD CONSTRUCTION. 63,000 APARTMENTS WERE CONSTRUCTED. THIS FIGURE WAS LISTED AS 6,000 MORE THAN 1975, BUT IS STILL FAR BELOW LEVEL NEEDED TO CONSTRUCT 420,000 FLATS BY 1980 AS SPECIFIED IN FYP.

9. TRANSPORT AND COMMUNICATIONS. BOTH SECTORS POSTED FAIRLY HIGH GAINS IN MOST AREAS. TRANSPORTATION FULFILLED NATIONAL PLAN BY 100.6 PERCENT, A 16.7 PERCENT GROWTH OVER 1975 LEVEL. MOST IMPORTANT (ESPECIALLY FOR HARD CURRENCY EARNINGS) WAS 29 PERCENT INCREASE IN INTERNATIONAL TRUCKING. COMMUNICATIONS ACTIVITIES RESULTED IN OVER 75,000 NEW TELEPHONE CONNECTIONS, WITH 45,000 OF THESE IN PRIVATE HOMES. ONE NEW TELEVISION AND ONE NEW RADIO TRANSMITTER, PLUS SEVERAL RELAY TRANSLATORS EXTENDED COVERAGE WHICH WAS MOST LIKELY RESPONSIBLE FOR THE 53 PERCENT INCREASE IN TELEVISION SALES.

10. FOREIGN TRADE. TOTAL TGDDE TURNOVER INCREASED BY 8.4 PERCENT WITH CEMA SHARE AT 79 PERCENT OF TOTAL. SOVIET SHARE WAS 54.4 PERCENT. BOTH FIGURES WERE DOWN ABOUT ONE PERCENT FROM 1975. EXPORTS TO CEMA COUNTRIES INCREASED ABOUT 14.9 PERCENT WHILE IMPORTS INCREASED ONLY 10.2 PERCENT. TRADE WITH "NON-CEMA" COUNTRIES WAS CHARACTERIZED BY SUCCESSFUL ATTEMPT TO REDUCE EXISTING DEFICIT. EXPORTS INCREASED BY 13.1 PERCENT, WHILE IMPORTS WERE CUT BACK BY 15.3 PERCENT. BULGARIAN MACHINERY INDUSTRY CONTINUED TO INCREASE ITS SHARE OF TOTAL EXPORT BY EXPANDING TO 42 PERCENT OF TOTAL EXPORT SALES.

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11. LIVING STANDARDS. REPORTED REAL INCOME GROWTH OF 4.4 PERCENT WAS ONLY SLIGHTLY BELOW PLANNED 4.8 PERCENT MARK. SOCIALHONORATION FUNDS (GOVERNMENT SUPPLIED CONSUMER GOODS AND SERVICES) GREW BY 6.7 PERCENT--A FULL 1.5 PERCENT BELOW PLANNED INCREASE. RETAIL TRADE WAS RELATIVELY CLOSE TO PLANNED LEVEL, BUT INDUSTRIAL SERVICES FELL FAR SHORT. FOOD PRODUCTS SOLD, CLOTHING, ETC. SHOWED VARYING INCREASES RANGING FROM 2 TO 14 PERCENT. 7.9 PERCENT MORE AUTOMOBILES WERE SOLD TO PRIVATE BUYERS, BUT NO FIGURES OF TOTAL PRIVATE SALES ARE AVAILABLE.

12. POPULATION INCREASE WAS 0.67 PERCENT. NUMBER OF STUDENTS IN ALL EDUCATIONAL ESTABLISHMENTS REMAINED 17 PER
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100 POPULATION, BUT NUMBER OF UNIVERSITY OR OTHER HIGHER EDUCATION STUDENTS DECLINED SLIGHTLY FROM 121 PER 10,000 IN 1975 TO 118 PER 10,000 IN 1976.

13. COMMENT: PLANNED ECONOMIC PERFORMANCE FOR 1976 FOR MOST PART HAD CALLED FOR INCREASES SIMILAR TO PERFORMANCE ACTUALLY POSTED IN 1975, AND ECONOMY STARTED OFF AT FAIRLY GOOD PACE. TURNING POINT APPEARS TO HAVE BEEN DURING THIRD QUARTER, WHEN GROWTH RATES BEGAN TO SLIP AND PROFIT AND EFFICIENCY INDICATORS SAGGED BADLY (REF C). INDEED, YEAR END REPORT ALMOST COMPLETELY IGNORES THESE TWO CATEGORIES, WHICH, IN THIS FYP OF "EFFICIENCY AND QUALITY", STRONGLY SUGGESTS THAT SERIOUS PROBLEMS IN THESE AREAS CONTINUE. MOST STRIKING ASPECT OF REPORT, HOWEVER, IS GENERALITY OF SLOWING GROWTH. IN ADDITION TO BEING A BAD START TO THE SEVENTH FIVE YEAR PLAN, 1976 PERFORMANCE CANNOT HELP BUT CAST DOUBT ON RECENTLY ANNOUNCED PRODUCTION GOALS FOR 1977 (REF D).
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Message Attributes

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